# SNS COLLEGE OF ENGINEERING

**Kurumbapalayam(Po), Coimbatore – 641 107**

**Accredited by NAAC-UGC with 'A' Grade**

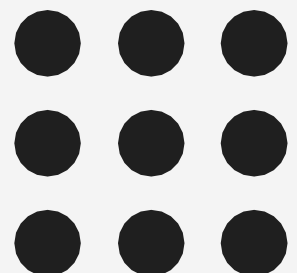**Approved by AICTE, Recognized by UGC & Affiliated to Anna University, Chennai**

## Department of Information Technology

## Course Name – IT8075 Software Project Management

## IV Year / VII Semester

## Unit 4 – Project Management and Control
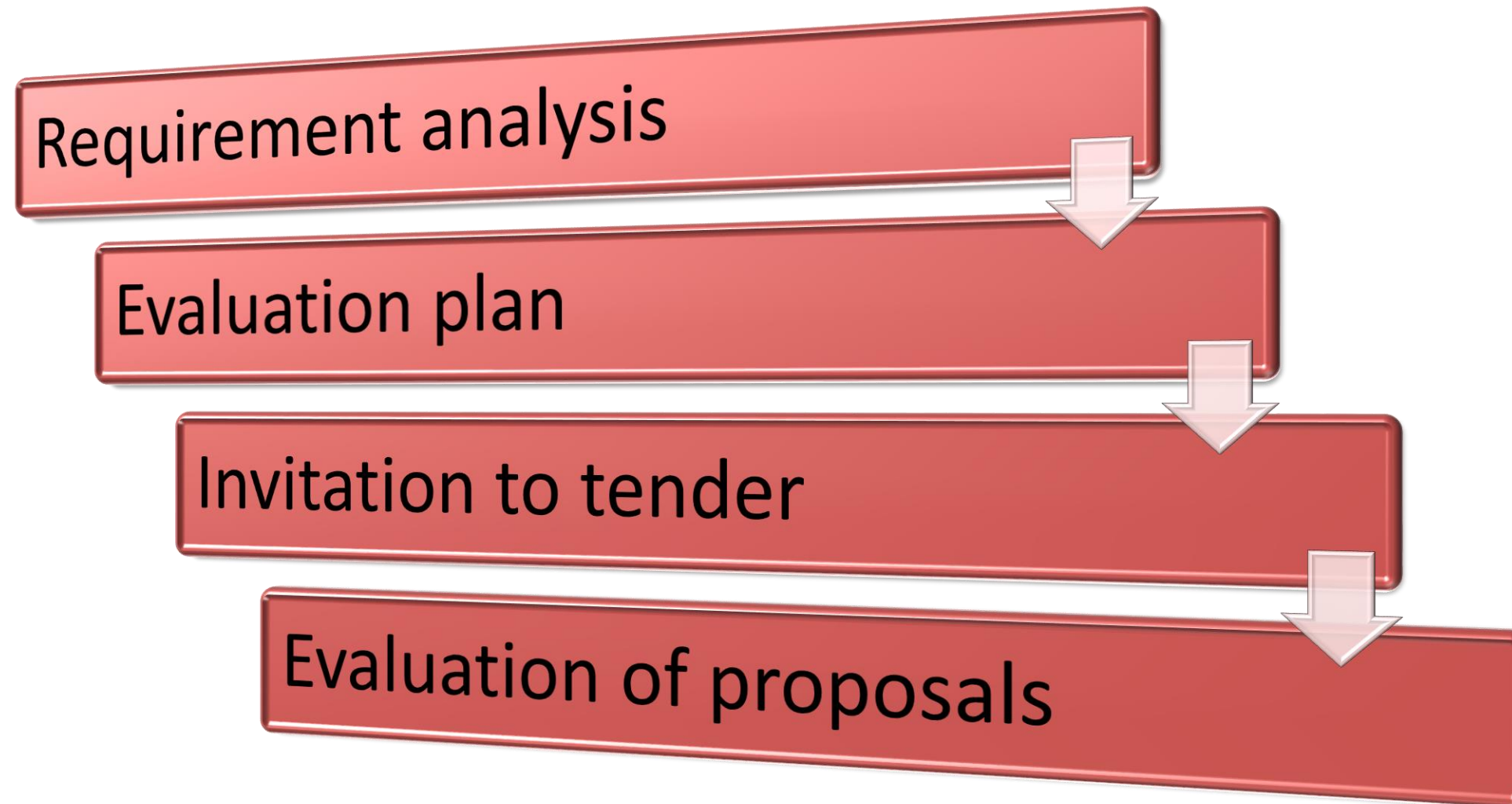
## Topic 9 – Contract Management

# Contract Management

**Stages in contract placement**

Requirement analysis

Evaluation plan

Invitation to tender

Evaluation of proposals
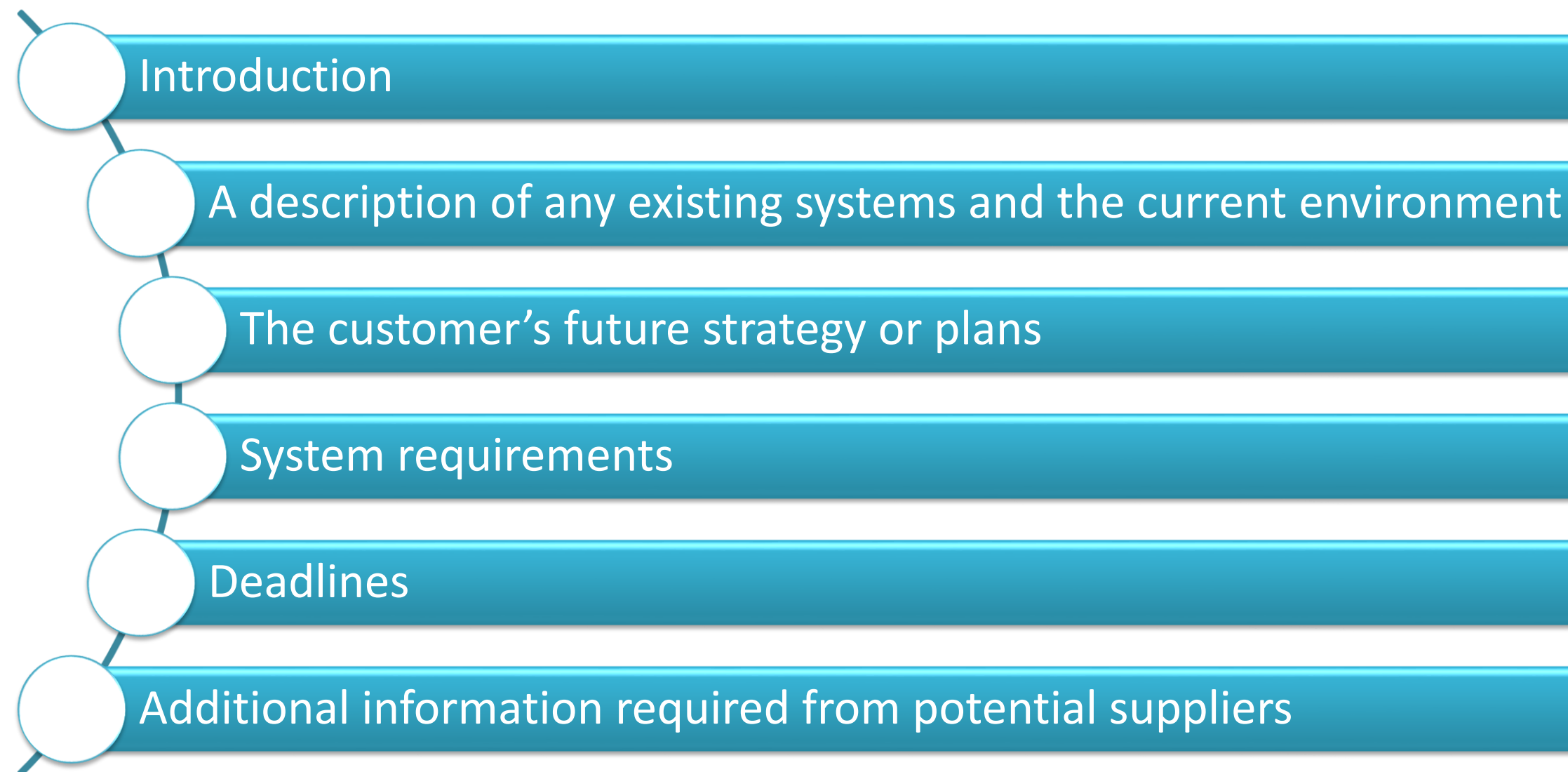
# Contract Management

## Requirement Analysis

- Clear set of requirements must be prepared
- Requirements document must be prepared
- It contains the following

Introduction

A description of any existing systems and the current environment

The customer's future strategy or plans

System requirements

Deadlines

Additional information required from potential suppliers

# Contract Management

Requirement formally includes
- functions in software, with necessary inputs and outputs
- standards to be adhered to
- other applications with which software is to be compatible
- quality requirements e.g. response times

Requirements needs to be identified as either mandatory or desirable

Mandatory
- If a proposal does not meet this requirement then the proposal is to be rejected

Desirable
- A proposal may be deficient  but other features of the proposal could compensate for this

# Contract Management

**Evaluation Plan**

- How are proposals to be evaluated?

- Ways of checking mandatory requirements are met need to be identified

- How desirable requirements can be evaluated?

- Need to assess value for money (VFM) for each desirable feature

- VFM approach an improvement on previous emphasis on accepting lowest bid

# Contract Management

**Invitation to tender**

- After produced requirements and evaluation plan, is to issue the invitation to the tender to prospective suppliers.

- Requirement document with supporting letter

- Note that bidder is making an offer in response to ITT

- acceptance of offer creates a contract

- Customer may need further information

- Problem of different technical solutions to the same problem

# Contract Management

**Memoranda of agreement (MoA)**

- Customer asks for technical proposals

- Technical proposals are examined and discussed

- Agreed technical solution in MoA

- Tenders are then requested from suppliers based in MoA

- Tenders judged on price

- Fee could be paid for technical proposals by customer

# Contract Management

**Evaluation of proposal**
- This reduces risk of requirements being missed
- Ensures all the proposals treated consistently

The process of evaluation include

| |
|---|
| Reading proposals |
| Interviews |
| Demonstrations |
| Site visits |
| Practical tests |
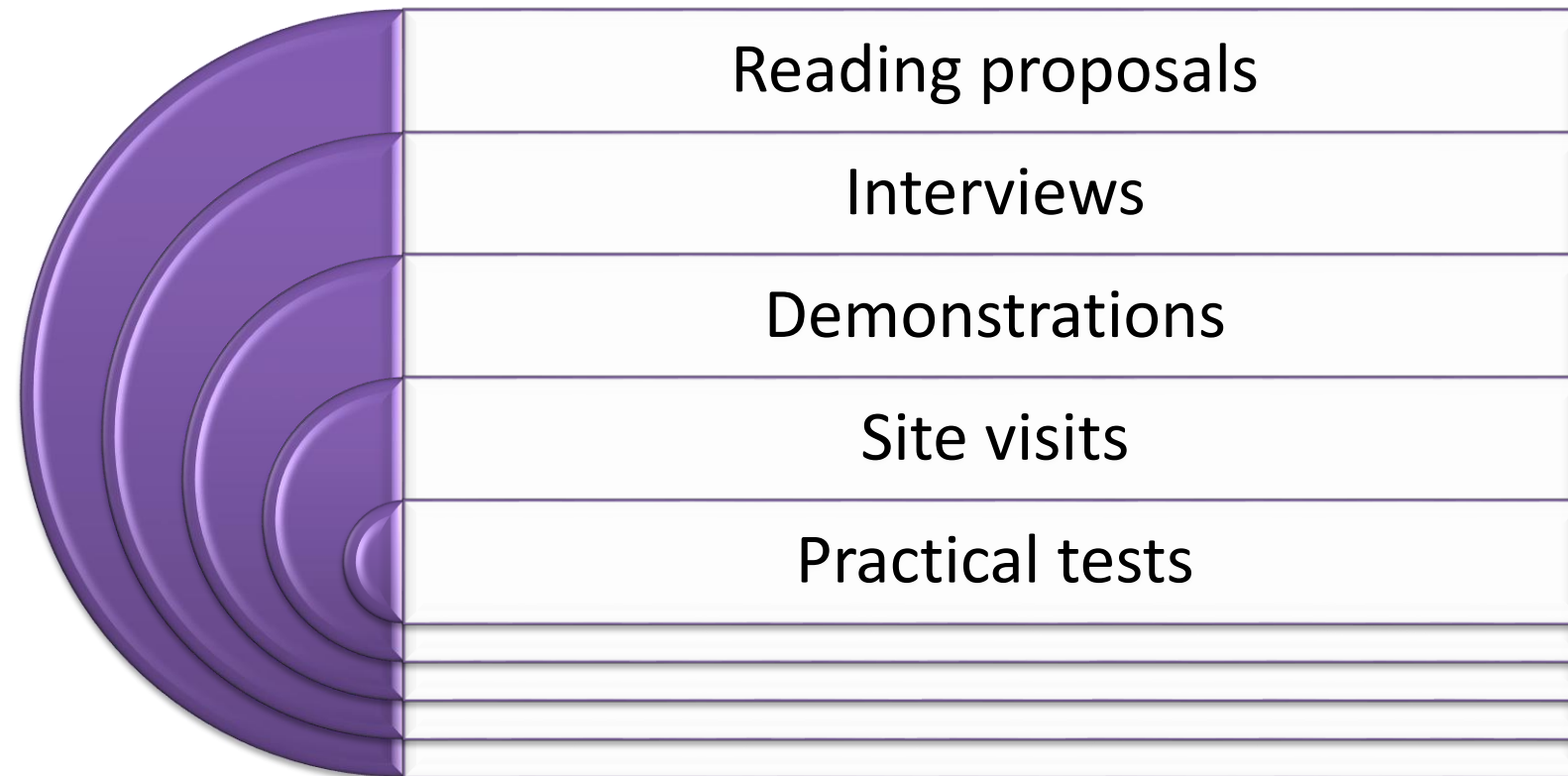
Based on evaluation process,
- Decision made to award the contract to a supplier

- Successful and successful candidates notified of decision

# Contract Management

**Typical terms of contract**

| | |
|---|---|
| **Definitions** | • what words mean precisely<br>• e.g. 'supplier', 'user', 'application |
| **Form of agreement** | • is this a contract for a sale or a lease, or a license to use a software application?<br>• Can the license be transferred? |
| **Goods and services to be supplied** | • Equipment and software to be supplied<br>• E.G. Training, documentation, installation, maintenance agreement |
| **Ownership of software** | • Who has ownership of software? Can client sell software to others? Can supplier sell software to others? Does supplier retain the copyright? |
| **Environment** | • where equipment is to be installed, who is responsible for various aspects of site preparation e.g. electricity supply? |

# Contract Management

**Typical terms of contract**

| | |
|---|---|
| **Customer commitments** | • Customer may have to provide accommodation to supplier<br>• Other facilities like telephone line, internet etc |
| **Acceptance procedures** | • Accept a delivered system only after user acceptance testing |
| **Standards** | • Standards with which goods and services comply<br>• Supplier to conform to the ISO 12207 etc. |
| **Project and quality management** | • Arrangements form management of the project must be agreed.<br>• Frequency and nature of progress meetings |
| **Timetable** | • Schedule of when key parts of project should be completed |

# Contract Management

**Typical terms of contract**

| Price and payment method | • Price must be agreed. When payments are to be made |
|---|---|
| **Miscellaneous legal requirements** | • Definitions of terms used in contract, legal jurisdictions that will apply to contract, liabilities to damage to third parties, liquidated damages, arbitration, alternate dispute resolution. |

# Contract Management

## Contract Management

- Forms of communication between supplier and customer specified in contract.

- Decision point or milestones – to met or not

- Quality of contract work – ensure quality met or not. Involves verification validation and quality assurance.

- Change control procedure – agreed changes to be documented, supplier agreement to change and cost of additional work agreed and recorded

- Acceptance – customer needs to arrange acceptance testing, part of or all of the payment to supplier depend on acceptance testing

- Period of warranty during which supplier should fix any errors found for free.

# THANK YOU